

Appeal of Everett R. and Emeline H. Taylor

in the construction of commercial roofs. Beginning in the early 1950's and continuing through the years in question, appellant wrote and distributed numerous letters, pamphlets and books on a wide range of political, economic, social, and religious subjects. After 1954 his writings relied on religious and Biblical doctrines. During this same period appellant began to develop two systems of logic based on the King James Version of the Bible and to develop a system of communication to make written ideas more easily understood by the reader. Appellant attempted to deduct the costs he incurred in carrying on these research, development, writing, and publishing activities, but respondent disallowed the claimed deductions.

As he did in the Tax Court, appellant argues that these expenditures were deductible expenses of a trade or business. (Rev. & Tax. Code, § 17202.) Appellant's theory in the Tax Court was that he was in the trade or business of developing a method of communication and that the expenditures in question were ordinary and necessary expenses of that trade or business. The Tax Court rejected appellant's argument on the grounds that the activities in question were not motivated to any degree by any kind of profit motive and, hence, did not constitute a trade or business whose expenses were deductible. In the present appeal appellant argues that his activities were part of the trade or business of "research and development." However, even if this argument is materially different from appellant's theory in Tax Court, it must fail for the same reason. We find that appellant's activities during the years 1961, 1962, and 1963 were not motivated to any degree by any kind of profit motive. They, therefore, did not constitute part of a trade or business and the disputed expenditures were not properly deductible as business expenses.

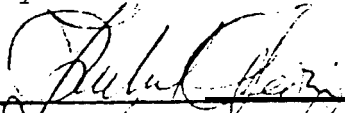
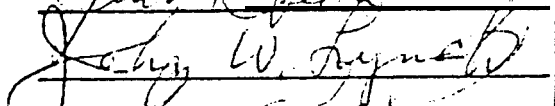
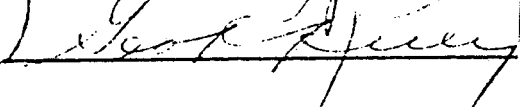
Q R D E R

Pursuant to the views expressed in the opinion of the board on file in this proceeding, and good cause appearing therefor,


Appeal of Everett R. and Emeline H. Taylor.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, pursuant to section 18595 of the Revenue and Taxation Code, that the action of the Franchise Tax Board on the protest of Everett R. and Emeline H. Taylor against proposed assessments of additional personal income tax in the amounts of \$93.82, \$97.61, \$138.40, and \$56.14 for the years 1961, 1962, 1963, and 1964, respectively, be and the same is hereby modified in accordance with respondent's concessions and, as modified, is sustained.

Done at Sacramento, California, this 2nd day of June, 1971, by the State Board of Equalization.


_____, Chairman

_____, Member

_____, Member
_____, Member
_____, Member

ATTEST:


_____, Secretary